

THE FRANKLIN COUNTY BOARD OF SUPERVISORS HELD A SPECIAL CALLED MEETING ON THURSDAY, MARCH 7, 2013 @ 11:30 A.M. IN THE BOARD OF SUPERVISORS MEETING ROOM LOCATED IN THE GOVERNMENT CENTER, 1255 FRANKLIN STREET, SUITE 104, ROCKY MOUNT, VIRGINIA.

THERE WERE PRESENT:

David Cundiff, Chairman
Cline Brubaker, Vice-Chairman
Leland Mitchell
Bob Camicia
Ronnie Thompson
Charles Wagner
Bobby Thompson

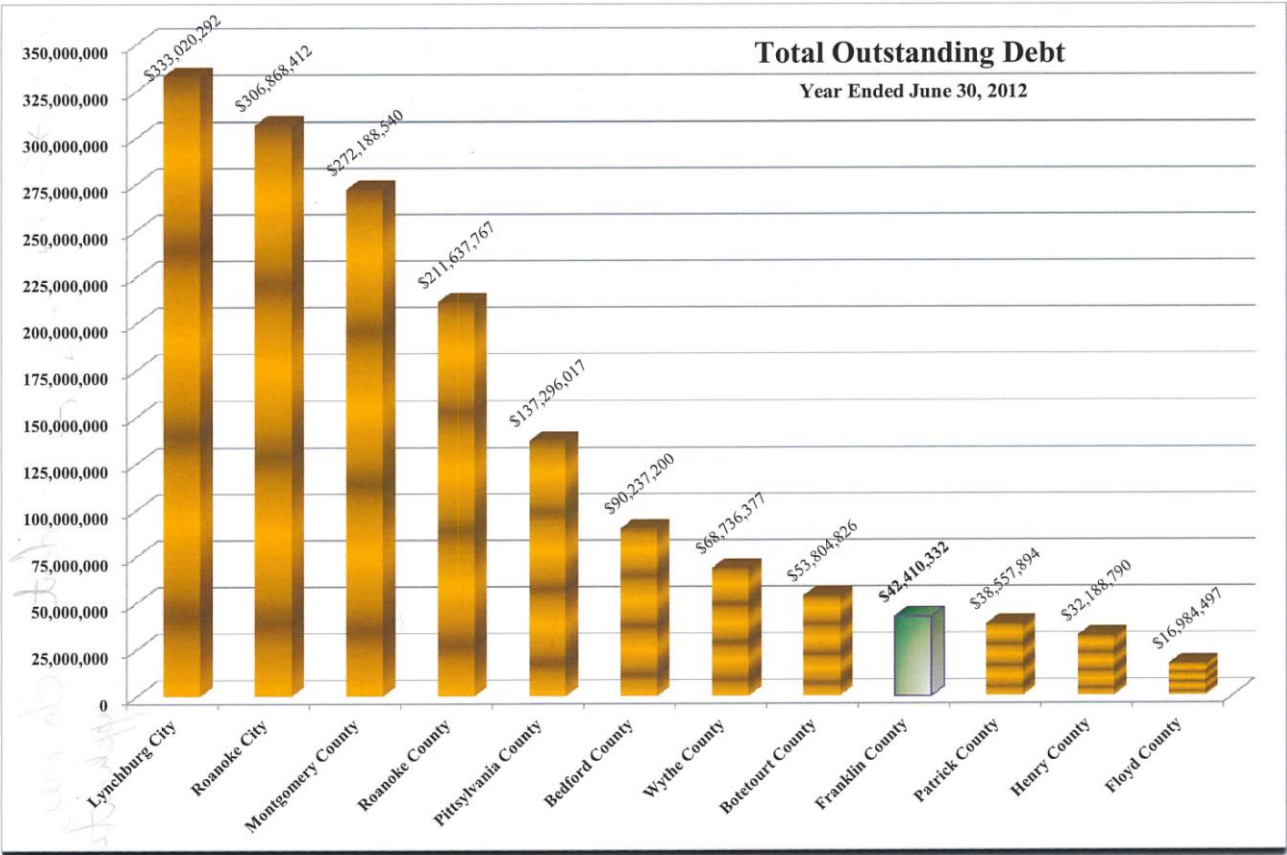
OTHERS PRESENT:

Richard E. Huff, II, County Administrator
Christopher Whitlow, Asst. Co. Administrator
Larry Moore, Asst. Co. Administrator
Sharon K. Tudor, MMC, Clerk

David Cundiff, Chairman, called the meeting to order.

Chairman Cundiff stated pursuant to Code Section 15.2-1417 and 15.2-1418 of the Code of Virginia, the Special Called Board Meeting today is for the purpose to discuss general FY’ 2013-2014 County budget and Financing for Future Capital Projects.

Richard E. Huff, II, County Administrator, shared with the Board the Total Outstanding Debt handout as follows:



SCHEDULE OF EXISTING AND PROPOSED FUTURE DEBT – PROJECT COST ESTIMATES/INTERST RATES SUBJECT TO FURTHER ANALYSIS AND MARKET TRENDS

Existing Debt		Future Proposed Borrowings						
Total County Existing	Current County							
	Existing Outstanding	Parks, Rec, Aging	Social Services	Burnt Chimney	Radio	Business	Public Safety	Total Proposed

<u>Debt Service</u> <u>(1)</u>	<u>Debt</u>	<u>Landfill</u> <u>(2)</u>	<u>Facility</u> <u>(3)</u>	<u>Building</u> <u>(4)</u>	<u>Waterline</u> <u>(5)</u>	<u>System</u> <u>(6)</u>	<u>Park (7)</u>	<u>Stations</u> <u>(8)</u>	<u>Debt</u> <u>Service</u>
2,073,831	12,857,667								
2,069,531	12,172,398								2,069,531
2,068,077	8,295,910								2,068,077
1,449,283	7,121,819		71,312		122,026	972,135	215,886	184,404	3,015,046
1,137,620	6,230,438		71,312		122,026	972,135	215,886	184,404	2,703,383
1,133,970	5,314,992		71,312	374,203	122,026	972,135	863,545	184,404	3,721,595
994,734	4,510,191	936,451	71,312	374,203	122,026	972,135	863,545	184,404	4,518,810
986,718	3,682,286	936,451	71,312	374,203	122,026	972,135	863,545	184,404	4,510,794
821,522	2,997,990	936,451	71,312	374,203	122,026	972,135	863,545	184,404	4,345,598
819,797	2,293,026	936,451	71,312	374,203	122,026	972,135	863,545	184,404	4,343,873
607,056	1,779,944	936,451	71,312	374,203	122,026	972,135	863,545	184,404	4,131,132
607,779	1,248,300	1,622,825	71,312	374,203	122,026	972,135	863,545	184,404	4,818,229
242,313	1,063,050	1,622,825	71,312	374,203	122,026	972,135	863,545	184,404	4,452,763
241,671	869,250	1,622,825	71,312	374,203	122,026	972,135	863,545	184,404	4,452,121
240,568	666,900	1,622,825	71,312	374,203	122,026	972,135	863,545	184,404	4,451,018
239,001	456,000	1,622,825	71,312	374,203	122,026	972,135	863,545	184,404	4,449,451
239,755	233,700	1,622,825	71,312	374,203	122,026	972,135	863,545	184,404	4,450,205
239,946	0	1,622,825	71,312	374,203	122,026	972,135	863,545	184,404	4,450,396
		2,381,218	71,312	374,203			863,545	184,404	3,874,682
		2,381,218	71,312	374,203			863,545	184,404	3,874,682
		2,381,218	71,312	374,203			863,545	184,404	3,874,682
		1,694,844	71,312	374,203			863,545	184,404	3,188,308
		1,694,844	71,312	374,203			863,545	184,404	3,188,308
		1,694,811		374,203			647,659		2,716,673
				374,203			647,659		1,021,862
									0

Funding Proposal for New Debt				Additional Information				
New Funds Required Over Previous Year	Proposed Tax Increase (9)	Service Available Including Tax Increase	Total Debt (Use) or Add to Debt Service Reserve Funds (10)	Debt Service Reserve Balance	Total County Outstanding Debt	Total Existing School Outstanding Debt	Outstanding Debt Per Capita * Including Existing School	Population
					12,857,667	19,555,034	\$575.71	56,300
0					12,172,398	17,498,367	\$524.07	56,616
(1,454)				677,538	28,564,172	15,437,715	\$774.10	56,842
946,969	627,249	2,695,332	(319,714)	357,824	26,488,379	13,354,752	\$698.15	57,070
(311,663)		2,695,332	(8,051)	349,773	38,861,481	11,451,055	\$878.08	57,298
1,018,212	1,254,498	3,949,830	228,235	578,008	44,786,074	9,526,088	\$944.11	57,527
797,215	627,249	4,577,079	58,269	636,277	41,945,113	7,580,557	\$857.48	57,757
(8,016)		4,577,079	66,285	702,562	38,998,174	6,228,673	\$779.93	57,988
(165,196)		4,577,079	231,481	934,043	36,108,538	4,855,612	\$703.60	58,220
(1,725)		4,577,079	233,206	1,167,249	33,108,346	3,460,499	\$625.61	58,453
(212,741)		4,577,079	445,947	1,613,196	35,506,418	2,591,136	\$649.16	58,687
687,097		4,577,079	(241,150)	1,372,046	32,067,051	1,705,758	\$573.18	58,922
(365,466)		4,577,079	124,316	1,496,362	28,851,451	1,224,479	\$508.40	59,158
(642)		4,577,079	124,958	1,621,320	25,499,399	738,400	\$441.76	59,394
(1,103)		4,577,079	126,061	1,747,381	22,005,382	372,066	\$375.26	59,632
(1,567)		4,577,079	127,628	1,875,009	18,363,652	0	\$306.72	59,870
754		4,577,079	126,874	2,001,883	14,565,351		\$242.31	60,110
191		4,577,079	126,683	2,128,566	20,404,209		\$338.10	60,350
(575,714)	(627,249)	3,949,830	75,148	2,203,714	17,345,760		\$286.27	60,592
0		3,949,830	75,148	2,278,862	14,150,163		\$232.60	60,834
0		3,949,830	75,148	2,354,010	10,811,150		\$177.01	61,077
(686,374)	(627,249)	3,322,581	134,273	2,488,283	8,008,539		\$130.60	61,322
0		3,322,581	134,273	2,622,556	5,083,415		\$82.57	61,567
(471,635)	(627,249)	2,695,332	(21,341)	2,601,215	2,597,913		\$42.03	61,813
(1,694,811)	(1,254,498)	1,440,834	418,972	3,020,187	0		\$0.00	62,060
(1,021,862)			0		0			

NOTES:

Also for Consideration: Middle/High School Improvements at \$75 to \$100 million. Annual debt service on \$100 million at 4% for 30 years = \$5.8 million.
One Proposal Currently Being Reviewed is a \$50 million Career and Technical Center that could benefit from twice a year Real Estate Collections windfall of \$17 million. This would leave us needing to borrow \$33 million. Annual debt service on \$33 million for 20 years @ 4% = \$2.4 million.

Notes:

- (1) This is total County Debt only. FY13-14 includes the Reserve for Future Debt of \$399,710
- (2) Proposed borrowing of \$8.3 million in FY16-17 - annual debt service of \$936,451 @ 5% for 12 years
These estimates are based on the most recent engineering estimates that have been provided to the County and also based on current DEQ and EPA regulations which are subject to change as we go forward.
FY22 Borrowing of \$5.3 million for 10 years at 5% = \$686,374
FY30 Borrowing of \$9.8 million for 7 year at 5% = \$1,694,844
- (3) Proposed borrowing of \$2,325,000 for 20 years at 3.75% less potential service fees
- (4) Proposed borrowing of \$5.2 million for 20 years at 3.75%
- (5) Proposed borrowing of \$1,380,762 at 3.75% for 15 years
- (6) Proposed borrowing of \$11 million at 3.75% for 15 years
- (7) Proposed borrowing of \$3 million at 3.75% for 20 years in FY13-14 and \$9 million at 3.75% for 20 years in FY15-16
- (8) Proposed Glade Hill Station: \$1.625 million at 3.75% for 20 years - annual debt service is \$116,939
Westlake Station: \$937,500 million at 3.75% for 20 years - annual debt service is \$67,465
- (9) One Penny on Real Estate Rate = \$627,249 and is based on FY12-13 Assessed Values
- (10) County Debt Service Reserve is projected to have a balance of \$677,538 at June 30, 2014

* Max Debt Per Capita per County Policy is \$1,500

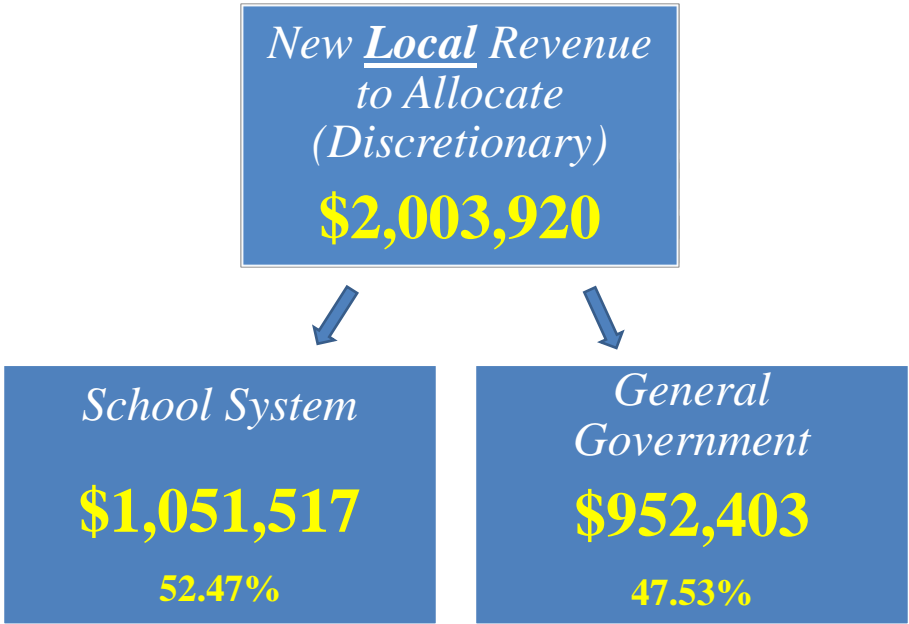
Vincent Copenhaver, Director of Finance, presented and highlighted the following budget slides:

Strategic Plan Priorities

- **Economic Development** - Existing Business Development, Site Development, Amenities to Attract Workers
 - **Infrastructure** - Landfill Capacity, Water/Sewer, EMS, Broadband, Cell Towers
 - **Education** - Career Technical, Workforce Development
 - **Financial Stability** - New & Dedicated Funding Streams, Financing the Future
 - **Staffing Needs** - Retention, Succession Planning, Competitive Compensation
 - **Managed Growth** - Tools to Manage Growth Effectively including Addressing the Aging Population, Ordinance Development and Village Planning
-

2013-2014 Overview

- Total Revenues - Projected to Increase 3.13%
- Total New Discretionary Revenue - \$2,003,920
- Of the New Discretionary Revenue, Additional Local School Operating Support of \$1,051,517
- Bus Replacement Level at \$340,000
- School CIP - 5 Year Loan Program in Process (\$880,000 committed)
- County CIP - \$2,295,101
- Decal Shortfall of \$250,000 Covered by Fund Balance Dollars
- County’s New Landfill Opens July 1 Under Strenuous EPA, DEQ, COE, & DCR Requirements



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- A blue box containing the text "School System" and the amount "\$1,051,517" in yellow, with "52.47%" below it.
- Anticipated New State Revenues - \$525,567
 - Additional New Federal Revenues - \$517,419
 - 3% Salary Increase - \$ 1,409,643
 - VRS 1% Phase in - \$149,289
 - Anticipated Health Insurance Increase - \$262,500
 - Unbudgeted Staffing from FY2012-13 - \$157,902
 - One Time Funding Not Made Up from FY2012-2013 - \$857,485 (\$1.4 million – reductions offered as draft)
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FRANKLIN COUNTY SCHOOL BOARD
SUMMARY OF THE PROPOSED 2013-14 SCHOOL BUDGET
PUBLIC HEARING TUESDAY, MARCH 5, 2013

INTRODUCTION: The Division Superintendent and the Franklin County School Board have the responsibility to inform the residents of the County and the members of the Franklin County Board of Supervisors about the educational needs of the Franklin County Public Schools. Copies of detailed school budgets will be available to the public on-line, in the County Library and in all school libraries by Friday, March 15, 2013. The Franklin County Board of Supervisors has the responsibility of making a funding decision relative to the projected financial needs of the school division.

Virginia state law requires that a public school budget be developed with details on ten expenditure categories covering: (1) Instruction; (2) Administration, Attendance & Health; (3) Pupil Transportation; (4) Operation & Maintenance; (5) School Food Services; (6) Cafeterias; (7) Facilities; (8) Debt Service; (9) Technology and (10) Contingencies.

This proposed budget which totals \$80,387,070 for 2013-14 includes a total proposed net increase of \$1,386,139 (1.8% increase) from an adjusted total of \$79,000,931 for 2012-13. This proposed budget has already been reduced during the period from November 2012 into March 2013 as the School Board and School Administration and Staff have worked to develop it.

The proposed 2013-14 school budget includes a requested additional County Funds for Operations of **\$2,525,442** included in the following schedule:

Proposed Revenue Budget for 2013-14 – County Funds for Education

County Funds Total for 2012-13	\$32,053,519
Additional County Funds for Operations	2,525,442
Additional County Funds for Cafeterias	958
Debt Service Reduction for 2013-14	(103,000)
Decrease in School Carryover Funds-Energy Fund Reserve	(20,430)
School Carryover Funds for 2011-12	(1,417,565)
County Funds Total Requested for 2013-14	\$33,038,923

The School Board respectfully requests that this budget be considered for funding in its entirety.

Major Budget Issues: The major components of the proposed increase in the overall 2013-14 school budget relate to the following items:

State-Mandated Expenditure Increases: The State is mandating the following expenditure increases:

VRS phase-in pay raise of 1.16%; employees pay an additional 1.00% of their retirement - \$149,208.

Other Major Budget Increases: Other major increases included in the budget are as follows: a proposed 5.9% cost-of-living salary increase, with no step increases, costing \$1,644,862 (including fringe benefits); increase in employer share of group health insurance premiums - \$262,600; and additional instructional staffing - \$187,902.

The following is a brief summary of each budget category:

1.0 INSTRUCTION: The School Board has proposed a 3.5% cost-of-living salary increase, with no step increases. This category also includes funding for several of the items listed above under State-Mandated Expenditure Increases and Other Major Budget Increases. Other major increases in this section include additional increases in Federal grant programs. The overall net increase in the instructional category of the budget is \$684,620 from an expenditure of \$63,006,002 in 2012-13 to a proposed expenditure of \$64,371,123 in 2013-14.

2.0 ADMINISTRATION, ATTENDANCE & HEALTH: The School Board has proposed a cost-of-living salary increase of 3.5% for administrators, secretaries, school nurses and psychologists who are included as a mandated part of this section of the budget.

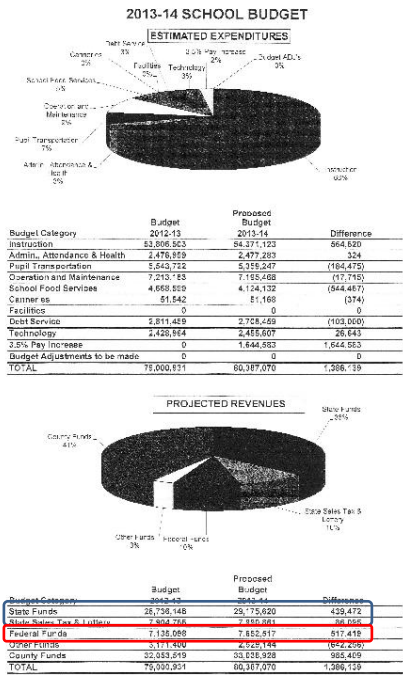
The budgeting of School Board members salaries, attorney fees, state and local audits, required legal advertising, health insurance, consultant fees, association dues, retirement, social security, division medical supplies, travel and supplies are also in this part of the budget.

For 2013-14 an overall increase of \$324 is proposed going from a total expenditure of \$2,476,969 in 2012-13 to a proposed expenditure of \$2,477,293 in 2013-14.

3.0 PUPIL TRANSPORTATION: The School Board has proposed a cost-of-living salary increase of 3.5% for bus drivers, bus monitors, mechanics, part time garage employees, the routing coordinator, the secretary, the bus driver trainer and the supervisory personnel in this category.

There are 27 school buses in the fleet which are twelve years in age or older and 40 that have been driven more than 140,000 miles. This is an improved situation compared to last year and several years ago. Capital outlay included \$1,155,310 to purchase 12 replacement buses. The cost of gasoline and diesel fuel is estimated to decrease by \$29,775 from cutting 8 bus routes and saving \$34,500.

The overall decrease in the pupil transportation category for 2013-14 is \$104,475 from an expenditure of \$5,542,122 in 2012-13 to a proposed expenditure of \$5,389,247 in 2013-14. The projected per pupil daily cost of bus



- General Government

\$952,403

47.53%
- Provides a Three Percent Raise for all Full and Part Time Non-School Employees \$486,054
 - Provides a 7.8% Health Insurance Increase Expected to be Much Larger- \$205,353
 - Staffing for an Additional Ambulance - Scheduling Options/ Locations to be Determined - New Expense is Offset by Additional Billing Revenue of the Same Amount – No Local Funds Needed
 - Operating Line Item Increases for Opening New Landfill - \$511,013, partially offset by \$6 Increase in Tip Fee (Generates (\$180,000))

Scenario 1

Scenario 1: No Tax Increase, Balanced Budget	
Local Transfer to Schools is \$1,051,517, County is \$952,403, each must balance with available resources	
County Can Only Absorb Health Insurance Increase Up to 7.8% - Additional \$205,353 Budgeted	
Assumes County Absorbs Any Future Utility/Fuel Rate Increases	
County Grants a 3% Raise to Non-School Full and Part Time Employees on July 1, 2013	
Landfill Leachate Hauling Expense is Extremely Hard to Predict Until New Landfill Opens (\$250,000 budgeted)	
\$6 Increase in Tipping Fee (from \$37 to \$43 per ton) is budgeted to help off-set a half million increase in additional expenditures for the new landfill	
County unable to fund many requested full and part time positions	
No Future Capital Needs Considered	

Scenario 2

Scenario 2: Proposes a Two Cents Real Estate Tax Increase (1 Cent = \$627,249)	
Real Estate Rate Increases From \$0.54 to \$0.56	
Items in Scenario 1 Plus:	
Dedicates One Cent of Real Estate Tax Increase to School Operations - when added to \$1,051,517 from shared revenues, total local school operating support increases \$1,678,766	
Dedicates One Cent of Real Estate Tax Increase to Economic Development to support the Board's Strategic Initiatives Including the Development of a Future Industrial/Business Park	

Scenario 3

Scenario 3: Proposes a Three Cent Real Estate Tax Increase (1 Cent = \$627,249)	
Real Estate Rate Increases From \$0.54 to \$0.57	
Proposes a Five Cents Personal Property Tax Increase (1 Cent = \$44,962) - Personal Property Rate Increases From \$2.34 to \$2.39 (Heavy Machinery and Equipment Remains at \$1.89)	
Items in Scenario 2 Plus:	
Dedicates One Cent of Real Estate Tax Increase to County Capital Fund for School Bus Replacement - When added to Existing Recurring Funds of \$340,000, Provides \$967,249 on a Yearly Basis for School Bus Replacement - With the Reduction of Bus Routes, Should Eliminate the Need for Carryover Funds for School Bus Replacement	
Dedicates Personal Property Tax Increase for New Landfill Operating Costs/Other General Fund Requests (\$224,810)	

Scenario 4

Scenario 4: Proposes a One Cent Real Estate Tax Increase (1 Cent = \$627,249)			
	Adds to Any of the Scenarios Above		
Dedicates One Cent of Real Estate Tax Increase to Cover Debt Service the Following Year (FY14-15)			
	Will yield one-time funds of \$627,249 in FY13-14		
	When added to funds from the County's fund balance of \$372,751 will provide a total of		
	\$1 million for school security enhancements		

The Board shared their thoughts on the aforementioned four (4) budget scenarios. After general discussion ensued the majority of the Board expressed their support for **Scenario 1**.

Chairman Cundiff recessed the meeting until Tuesday, March 12, 2013 @ 6:00 P.M., in the BOS Room when the School Board will present their proposed FY’2013-2014 Budget.

DAVID CUNDIFF
CHAIRMAN

SHARON K. TUDOR, MMC
COUNTY CLERK